Supreme Court, U.S.

No. 06-1526 R - 2007

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IN THE
SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 2006

*CARPAD, INC. and*
*STEVEN SAYLOR, Petitioners,*

*v.*

*BROOKSTONE, INC., Respondent*

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ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

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# PETITION FOR A WRIT OF CERTIORARI

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## QUESTIONS PRESENTED

1. In a patent infringement case, is the issue of obviousness a jury question?

2. Without a pre-existing court order, can a district court constitutionally sanction a plaintiff for communicating with potential class action plaintiffs and order the plaintiff to write to these potential plaintiffs dictating the exact content of the letters?

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* Asterisk denotes cases on which petitioners heavily rely.

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The petitioners respectfully pray that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Federal Circuit entered in this proceeding on October 5, 2006.

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## OPINION BELOW

The opinion of the Court of Appeals was not reported. The opinion only affirmed the decision of the district court.

## JURISDICTION

The judgment of the court of appeals for the Federal Circuit was entered on October 5, 2006. A timely petition for rehearing *en banc* was denied on December 8, 2006, and this petition for certiorari was filed within 90 days of that date.

This court's jurisdiction is invoked pursuant to 28 U.S.C. §1254(1).

## STATUTORY PROVISION INVOLVED

Title 35, United States Code:
§ 103. Conditions for patentability; non-obvious subject matter

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

§ 282. Presumption of validity; defenses

A patent shall be presumed valid. Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim. Notwithstanding the preceding sentence, if a claim to a composition of matter is held invalid and that claim was the basis of a determination of nonobviousness under section 103 (b)(1), the process shall no longer be considered nonobvious solely on the basis of section 103 (b)(1). The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

## STATEMENT OF THE CASE

Carpad, Inc. and Steven Saylor filed suit against Brookstone, Inc. for patent, trademark and trade dress infringement, as well as for unfair competition. Carpad and Saylor own the trademark "Carpad," and have a patent, U.S. patent number 5,380,670, for a garage floor mat that protects the floor from leaks and spills. Petitioners filed suit in the United States District Court for Maryland. The case was transferred to the United States District Court for Nevada.

On a motion for summary judgment, the district court found that Mr. Saylor's patent was "obvious" and declared it to be invalid.

During discovery petitioners obtained the names of Brookstone customers who had purchased Brookstone's infringing product. Mr. Saylor wrote to these customers and informed them of Brookstone's fraudulent sales techniques (selling a knockoff of the Carpad as a real Carpad when it was copied by Brookstone in Taiwan). In stark contrast, the Carpad is made entirely in the United States. Brookstone had never sought to protect their customer information and did not seek, nor receive, a protective order. Nevertheless, the district court sanctioned petitioners and required Mr. Saylor to write a letter to all customers "correcting" his earlier correspondence.

In addition, the court barred Carpad from introducing evidence of trade dress infringement.

The court conducted a week-long trial on the remaining issue of trademark infringement. The court instructed the jury that it could find that Carpad was generic and not protected. The court determined that the violation was unintentional and took that issue from the jury. The jury found that Carpad was a generic term and not entitled to protection.

## Reasons for Granting the Writ

### The Decision Below Conflicts With Decisions of This Court

The decision of the Federal Circuit is contrary to the following decisions of the Supreme Court of the United States: *The Incandescent Lamp Patent*, 159 U.S. 465 (1895) and *Gulf Oil Company v. Bernard*, 452 U.S. 89 (1981). In the *Incandescent Lamp* case the Supreme Court ruled that earlier patents on the electric light bulb, like earlier patents on garage floor mats, did not invalidate Edison patent because the Edison light bulb actually worked and was commercially successful, while the earlier patented products failed in the marketplace.

In the *Gulf Oil* case the Supreme Court ruled that litigants have the right to send out letters to potential class action plaintiffs. The district court sanctioned appellant for doing this and the panel affirmed the sanction.

The Federal Circuit affirmed the decision of the district court without issuing an opinion. The district court determined that the patent issued to petitioners was invalid because of "obviousness."

The United States Supreme Court ruled that the First Amendment applies to communications with ***potential*** class action plaintiffs. *Gulf Oil Company v. Bernard*, 452 U.S. 89 (1981). In the *Gulf Oil* case the district court imposed an order limiting communications between plaintiff and class members. The Supreme Court stated:

> This order imposed a complete ban on all communications concerning the class action between parties or their counsel and any actual or potential class member who was not a formal party, without the prior approval of the court. 452 U.S. at 94, 95.

The Supreme Court ruled "an order limiting communications between parties and potential class members should be based on a clear record and specific findings that reflect a weighing of the need for a limitation and the potential interference with the rights of the parties." 452 U.S. at 101.

The district court in the case at bar did not weigh the competing factors as required by the Supreme Court, nor did it base its finding on a "clear record and specific findings" that reflected a "need for a limitation" of the rights of the parties. The Supreme Court requires that the First Amendment right to communicate be balanced with a party's rights. The district court below ordered petitioner Saylor to send a letter to all potential class members, all those who petitioner wrote to, to "correct" alleged errors in his earlier letter. The First Amendment and *Gulf Oil Company v. Bernard, supra*, do not allow a court to force a party to speak. The district court went far beyond limiting communications. If free speech means anything it means that no court, or other government official, can force a party to say something that the government wants to be said.

The First Amendment's mandate against forced speech was eloquently voiced by Justice Jackson during World War II in *West Virginia Board of Education v. Barnette*, 319 U.S. 624 (1943). Justice Jackson said: "If there is any fixed star in our constitutional constellation, it is that no official, high or petty, can prescribe what shall be orthodox in politics, nationalism, religion, or other matters of opinion, ***or force citizens to confess by word*** or act their faith therein." (emphasis added) 319 U.S. at 642. Here we have a court putting words into petitioner's mouth, words that he did not want to say. The Supreme Court has also ruled that citizens cannot be forced to endorse speech that has been approved by the state. *Wooley v. Maynard*, 430 U.S. 705, 714-15 (1977).

In addition to forcing petitioner to send out "corrective" letters, the court punished them by barring petitioners from introducing evidence on their trade dress claim.

## Obviousness is an Issue for the Jury

Sometimes things are obvious only after they were invented, and hindsight leads us to believe that it was always obvious. Is the wheel obvious? Is the paperclip obvious? Is the staple obvious? Now these inventions are obvious, but they were not when they were first invented.

During oral argument in the recent case of *KSR International Co. v. Teleflex*, No. 04-1350, Chief Justice John G. Roberts said, "They say obviousness is deceptive in hindsight." Justice Roberts continued, "In hindsight everyone says I could have thought of that."

Lower federal courts found that the lightbulb was obvious because earlier patents were issued for lightbulbs. This decision was overturned in *The Incandescent Lamp Patent*, 159 U.S. 465 (1895). This court found that when an earlier patented product does not actually work, and was not commercially successful, that the new product's patent is valid if it actually works and is commercially successful.

The Carpad product actually worked and was commercially successful while two earlier patented products never worked properly, and were not commercially successful. The improvement in the Carpad patent that made it function was the use of a vinyl hose inserted in the perimeter sleeve of the Carpad. The Carpad inventor tried many different inserts in order to find one that actually worked.

Similarly, Thomas Edison's lightbulb contained a filament that actually worked, making his product commercially successful. Where an inventor improves on an earlier product, he is entitled to the benefits of his efforts.

When finding that an invention is "obvious" and overruling an experienced patent examiner's issuance of a patent, a district court should not have the right to take this decision away from a jury. If the patent examiner, necessarily qualified in evaluating inventions, finds that a patent is not obvious, how can a federal judge rule that no reasonable

person could find the device was not obvious? Is the patent examiner not a reasonable person? Petitioner submits that the examiner's finding of non-obviousness cannot and should not be allowed to be overturned by a federal judge sitting in a jury case.

## Conclusion

The message that the Federal Circuit has sent to the world is loud and clear: "***U.S. patents are worthless***," ***and if you copy them you can probably get away with it.*** In order to protect the rights of patent and trademark holders, and to announce to the world that the United States protects the intellectual property of its inventors, this court should grant the petition for a writ of certiorari.

The United States government has been pressuring China to protect patents, copyrights and other intellectual property. If this court does not protect the rights of patent-holders, how can we expect foreign nations to do so?

The district court also sanctioned petitioners for writing letters to consumers who purchased copies of their products, advising them of a potential class-action lawsuit. The First Amendment has been infringed by the federal district judge who sanctioned petitioners and then ordered petitioners to send a "corrective" letter to potential class members.

For all of these reasons, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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## Appendix

Decision of the United States District Court, Judge Edward C.Reed, Jr.

Reno, Nevada, Wednesday, February 18, 2004.

The court at this time is prepared to announce its decision on the defendant's motion for summary judgment on patent infringement, number 57, and motion for summary judgment on the issues of trademark and trade dress infringement, number 82.

Oral arguments were presented this morning in respect to these motions.

Our statement of facts is based on the evidence presented to the court in conjunction with the summary judgment motions.

Preliminarily, I want to note a couple of things.

First, in regard to the summary judgment motions we consider only the evidence presented in that respect, we do not consider other things that may by chance be in the record, for example, evidence that may have come in during the consideration of the motion for preliminary injunction, unless it was specifically referred to by counsel in the papers.

The motion for preliminary injunction was decided on the basis of considerable oral testimony and other evidence, which may or not bear on what we are doing here in connection with these motions.

Secondly, at times here we may refer to the Perlman patent as the Park Smart patent, and the Saylor patent as the Carpad patent.

Plaintiffs Carpad and Steven Saylor, collectively, generally referred to in this order as Carpad, manufacture and distribute the Carpad, a vinyl mat place under a parked vehicle

to collect snow, oil, dirt, debris and any liquids that may fall from it.

The Carpad comes in six sizes and is rectangular in shape, it comes in silver and gold colors.

Mr. Saylor has a patent on the Carpad. And Carpad has a trademark on the name "Carpad."

Carpad sold its products through defendant Brookstone's catalogs from 1997 to 2003.

In 2001, Brookstone allegedly manufactured imitation car pads in Taiwan, we refer in that respect tc those pads as Brookstone or Taiwan products.

Brookstone began selling the Taiwan product in response to Carpad orders.

In October 2001, Carpad gave notice to Brookstone that the Taiwan product infringed on Carpad's patent.

Brookstone stopped selling the Taiwan product in December 2001 in response to Carpad's letter.

Carpad brought this suit against Brookstone in 2002.

Brookstone asserts that after unsuccessfully being sble to resolve the lawsuit in January 2003, it began selling Park Smart, a car mat manufactured by a company located in San Diego.

The Park Smart is also patented, as I mentioned a motion (sic) ago we refer to it as the Perlman or Park Smart patent.

In response, Carpad filed a motion for a preliminary injunction, number 33, seeking an order prohibiting Brookstone from selling Park Smarts.

That motion was denied by the court on August 1, 2003, document number 52.

Carpad asserts that Park Smart looks very similar to the Carpad and has the same visual presentation.

It asserts that Park Smart comes in the same sizes and colors as the Carpad and used the same color of ink on its logo.

Carpad alleges that when consumers place an order giving the Carpad product number of name, Brookstone ships out the Park Smart.

Bookstone also notes that although the Park Smart product is not mentioned in Carpad's complaint, Carpad argues that Park Smart violated Carpad's patent and trade dress rights.

Carpad claims that the complaint is sufficient to alleged claims against both the Taiwan product and the Park Smart product.

Carpad also asserts a claim for violation of trademark antidilution laws.

On August 12, 2003, Brookstone filed a motion for summary judgment, number 57/58, on Carpad's patent infringement claims.

Brookstone argues that the Saylor patent is invalid because it is anticipated by prior art, namely the Schumacher and Robel patents.

Brookstone also claims that the Saylor patent is invalid as obvious in light of the prior art.

Finally, Brookstone asserts that the Park Smart does not infringe on the Saylor patent.

On November 17, 2003, Brookstone filed a second motion for summary judgment, number 82, on Carpad's claims for trademark and trade dress infringement, trademark dilution and unfair competition relating to the Park Smart.

Summary judgment allows courts to avoid unnecessary trials where no material factual dispute exists, *Northwest Motorcycle Association v. U.S. Department of Agriculture*, 18 F.3d 1468, 1471, Ninth Circuit, 1994.

The court must view the evidence and the inferences arising therefrom in the light most favorable to the nonmoving party, *Bagdadi v. Nazar*, 84 F.3d 1194, 1197, Ninth Circuit, 1996.

And should award summary judgment where no genuine issue of material fact remains in dispute, and the moving

party is entitled to judgment as a matter of law, federal rule of civil procedure 56(c).

Judgment as a matter of law is appropriate where there is no legally sufficient evidentiary basis for a reasonable jury to find for the non-moving party, citing rule 50(a).

Where reasonable minds could differ on the material facts at issue, however, summary judgment should not be granted. *Warren v. City of Carlsbad*, 58 F3d. 439, 441, Ninth Circuit, 1995.

The moving party bears the burden of informing the court for the basis of its motion, together with evidence demonstrating the absence of any genuine issue of material fact. *Celotex Corporation v. Catrett*, 477 U.S. 317, 323, 1986.

Once the moving party has met its burden, the party opposing the motion may not rest upon mere allegations or denials in the pleadings, but must set forth specific facts showing there exists a genuine issue for trial. *Anderson v. Liberty Lobby,* 477 U.S. 242, 248, 1986.

Although the parties may submit evidence in an inadmissible form, namely depositions, admissions, interrogatory answers, and affidavits, only evidence which might be admissible at trial may be considered by the trial in ruling on a motion for summary judgment, civil rule 56(c). *Beyene v. Coleman Security Services*, 854 F.2d 1179, 1181, Ninth Circuit 1988.

In deciding whether to grant summary judgment a court must take three necessary steps:

One, it must determine whether a fact is material.

Two, it must determine whether there exists a genuine issue for the trier of fact as determined by the documents submitted to the court.

And three, it must consider that evidence in light of the appropriate standard of proof. *Anderson v. Liberty Lobby*, at 248.

Summary judgment is not proper if material factual issues exist for tiral, *B.B. v. Plumas Unified School District*, 192 F.3d 1260, 1264, Ninth Circuit, 1999.

As to materiality, only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment, disputes over irrelevant or unnecessary facts should not be considered. Citing the *B.C.* case for that proposition.

Whether there's a complete failure of proof on an essential element of the non-moving party's case, all other facts become immaterial and the moving party is entitled to judgment as a matter of law, *Celotex*, at 323.

Summary judgment is not a disfavored procedural shortcut, but rather an integral part of the federal rules as a whole citing *Celotex*.

We next deal with the claim construction.

The first step when analyzing both invalidity and infringement is claim construction. *Amazon.com v. Barnesnoble.com*, 239 F.3d 1343, 1351, Federal Circuit, 2001.

Only when a claim is properly understood can a determination be made whether the claim read on an accused device, or method, or whether the prior art anticipates and/or renders obvious the claimed invention, citing *Amazon*.

Claim construction is a matter of law, a question of law reserved for the court, *Markman v. Westview Instruments*, Inc. 517 U.S. 370, 1996.

As was the case during the preliminary injunction hearing, the parties do not dispute the Saylor patent's claim language.

In addition, the claim language is not technologically or linguistically complex.

As a result, it is not necessary for the court to conduct a separate *Markman* hearing for the purpose of claim construction before ruling on Brookstone's motion. *Vivid Techs, Inc. v. American Science and Engineering, Inc.*, 200 F.3d 795, at 803, Federal Circuit, 1999.

Only those terms need be construed that are in controversy, and only to the extent necessary to resolve the controversy.

For the purposes of the present motion, the terms used in the Saylor patent will generally be given their plain and ordinary meaning, *Electric Planroom, Inc. v. McGraw-Hill Companies, Inc.,* 135 F.Supp.2d 805, at 831-2, note 25, Eastern District of Michigan, 2001.

It will be useful for us to read the Saylor patent claims into the record.

The Saylor patent contains four claims:

1, A pad for positioning underneath a vehicle or collecting an retaining fluid and solid materials falling from the vehicle, comprising a flat and generally rectangular base of vinyl material having outer edge portions folded over and affixed to the base material, thereby forming a hollow pocket extending along a length of each of the edge pockets, thereby forming raised sides and creating , with a flat portion for the pad, a basin to contain the materials falling from the vehicle.

2, A pad according to claim 1, wherein the outer edge portions of the base are folded over, and welded to the base material.

3, A pad according to claim 2 wherein the tubular member is reinforced hose.

4, A pad according to claim 3, wherein the corners of the base are trimmed at an angle of 45 degrees.

We deal next with the issue of obviousness, and the invalidity of the Saylor patent.

According to 35 United States Code, Section 103(a), a patent may not be obtained if differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.

The ultimate determination of whether an invention would have been obvious under section 103(a) is a legal conclusion based on the underlying findings of fact, *Ve-*

*lander v. Garner*, 348 F.3d 1359, 1363, Federal Circuit, 2003.

The underlying factual inquiries include an analysis of four criteria, first articulated in *Graham v. John Deere Company*, 383 U.S. 1, 1966.

Those criteria are as follows:

One, the scope and content of the prior art.

Two, the differences between the claimed invention and the prior art.

Three, the level of ordinary skill in the art.

And four, secondary considerations, if any, of non-obviousness. Citing *McNeill-PPC, Incorporated v. Perrigo Company*, 337 F.3d 1362, 1368, Federal Circuit, 2003, citing Graham at pages 17 and 18.

After taking account of the four *Graham* criteria, a court completes its obviousness analysis by considering whether the subject matter of the challenged patent as a whole would have been obvious to a person having ordinary skill in the art, to which said subject matter pertains.

The Federal Circuit has counseled that section 103(a)'s "person having ordinary skill in the art" is not unlike the common law's "reasonable person." *Penduit v. Dennison Company*, 810 F.2d 1561, 1566, Federal Circuit, 1987.

To reach a proper conclusion under section 103, the decisionmaker must step backward in time and into the shoes worn by that "person," when the invention was unknown and just before it was made.

In light of all the evidence, the decisionmaker must then determine whether the patent challenger has convincingly established that the claimed invention as a whole and may not use hindsight as a basis for its ruling. *Hodosh v. Block Drug Company*, 786 F.2d 1136, 1143, note 5, Federal Circuit, 1986.

We address next scope and content of prior art.

The scope of the prior art includes art that is reasonably pertinent to the particular problem with which the invention was involved. *Ruiz v. A.B. Chance Company*, 234 F.3d 654,

664, Federal Circuit, 2000, quoting *Stratoflex v. Aeroquip Corporation,* 713 F.2d 1530, 1535, Federal Circuit, 1983.

The Schumacher and Robel patents easily fit this definition, because they address the problem of designing a pad or container with raised edges to be placed underneath a vehicle, while it is parked in a garage, thereby collecting debris and liquids that fall from the vehicle.

This is the same problem as the Saylor patent addresses.

We next address the differences between the claimed invention, the Saylor patent, and the prior art.

First, all three inventions are made with rectangular pieces of material.

The Saylor patent indicates that vinyl should be used and the Robel patent also endorses the use of vinyl.

The Schumacher patent says a plastic sheet of material can be used.

Second, all three patents instruct that the edges of the material should be folded inward and attached to the based material, thereby forming a pocket.

Claim 2 of the Saylor patent says that this task should be accomplished by welding the material together.

Similarly, the Robel patent endorses the use of heat to effect the mechanical bond, and Schumacher says the preferred embodiment would use a thermal bonding technique.

Third, all of the patents say that a material should be inserted into the pockets formed at the edges of the material.

In the Saylor patent this material is reinforced hose.

In the Schumacher patent it is either air, or cylindrical foam tubing, and in the Robel patent the material can be foam, plastic or another resilient material.

The material used in the Robel patent is square or rectangular in shape, rather than cylindrical.

Both the Schumacher and Robel patents, however, explain that the material should be compressible and resilient allowing a car to drive over the edge of the invention without permanently deforming it.

Fourth, in all of the inventions the material is inserted into the sleeve pockets for the purpose of increasing the height of the invention's edges in comparison to the rest of the material.

These raised edges then act as a barrier containing anything that falls from the vehicle.

Consequently, the only real difference in the Saylor patent from the other patents is the use of reinforced hose to form the edges of the Carpad.

The use of any sort of material that was compressible and resilient to insert in the perimeter sleeve to create the raised edges of the pad would be readily suggested to a person of ordinary intelligence and suitable to fill the sleeve at the edge of the pad.

That would certainly include something like a hose.

Parenthetically, one has to question in general terms the patentability of a vinyl pad with raised perimeter edges.

It doesn't seem like a very new or novel idea, it doesn't seem like something you ought to be able to prevent others from manufacturing and selling, no matter how you doll it up.

We next address the question of level of ordinary skill in the art.

The parties have not introduced evidence regarding the level of ordinary skill in the art relevant to this case, however, because the subject matter of the Saylor patent is so easily understandable, a factual determination of the level of the skill in the art is unnecessary. *Chore-Time Equipment, Inc. v. Cumberland Corporation,* 713 F.2d 774, 779, Federal Circuit, 1983.

In analyzing obviousness in this case, then, we may rely on the level of skill possessed by a common layman of ordinary intelligence, *Litton Industries Products, Inc. v. Solid State Systems Corporation,* 755 F.2d 158, at 163-4, Federal Circuit, 1985, *Cable Electric Products, Inc. v. Genmark, Inc,* 582 F. Supp. 93, and 96, Central District of California.

We next address the question of secondary consideration.

There is sparse evidence in the record on secondary considerations, the only evidence contained in Mr. Saylor's affidavit in which Mr. Saylor in very conclusory terms states that the Schumacher and Robel devices were never comercially produced.

There's no indication as to what the basis for that information is, except Mr. Saylor's experience in the area generally.

Additionally, although there is no specific evidence of this fact, it seems generally agreed by the parties that Carpad has been commercially successful.

There is no evidence in the record concerning a long felt but unresolved need for a product such as a Carpad.

We conclude that the subject matter of the Saylor patent has been shown by clear and convincing evidence to be obvious, and therefore the patent of Mr. Saylor is invalid.

It is not necessary for us to reach the issues of invalidity by reason of claimed anticipation by Schumacher and Robel patents.

Also, we do not reach the issue of whether the Park Smart product infringes the Saylor patent.

We find there are no genuine issues of material fact with respect to the issues relating to obviousness.

Therefore, Ms. Clerk, the minutes of the court will reflect the following:

Defendant's motion for summary judgment, number 52, on plaintiff's patent infringement claims is granted.

Correct that, Ms. Clerk, I've got the wrong number, it's 57, rather than 52, 57 is plaintiff's motion—excuse me, is defendant's motion.

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA
RENO, NEVADA

| | |
|---|---|
| CARPAD, INC. and STEVEN SAYLOR | )CV-N-02-0557-ECR (VPC) ) |
| Plaintiffs, | ) ) ORDER |
| vs. | ) ) |
| BROOKSTONE COMPANY, INC.) | ) |
| Defendant. | ) |

Factual and Legal History

Plaintiffs Carpad and Steven Saylor ("Plaintiffs") filed an objection (#151) to an order (#147) of Magistrate Judge Valerie P. Cooke on the grounds that it lacked legal basis and violates Plaintiffs' First Amendment rights.

Plaintiffs brought this action against Defendant Brookstone Company, Inc. for patent, trademark, and trade dress infringement, and for unfair competition. (Pls' Compl.) (#1). Plaintiffs advertised their CarPad® product in the Brookstone catalogs which are distributed nationwide. Id. Plaintiffs allege that Defendant began selling a product similar to CarPad® in 2001 and brought this suit against Defendant in 2002. Id.

Pursuant to a motion to compel discovery (#74), Maguistrate Judge Cooke ordered Defendant over its objections to release its customer lists to Plaintiffs "for the purpose of conducting consumer surveys." (#91 at 4). Defendant complied with the order, but expressed its privacy concerns with Plaintiffs and reached an agreement whereby Defendant would review Plaintiffs' survey "to ensure it did

not contain any legally or factually inaccurate statements" prior to providing customer information. (#136, Exh. B).

Defendant never received a completed consumer survey and Plaintiffs have not demonstrated that such a survey exists. (#135 at 4). Rather, Defendant claims that it leanred that Plaintiffs used the customer lists to defame Brookstone to its customers from Plaintiff Steven Saylor in which Plaintiff Saylor claims, among other things, that Bookstone has defrauded its customers, infringed on Plaintiffs' patent and that a class action lawsuit is being filed to which the recipient is invited to join. (#136, Exh.F). In response to learning of this letter, Defendant filed a Motion to Bar Plaintiffs'Trade Dress Survey, Compel Plaintiffs To Return or Destroy Defendant's Customer Lists, and Other Specified Relief (#134-137). Plaintiffs opposed (#142) and the Magistrate Judge ruled in favor of Defendant as follows (#147):

1. Defendant's motion to bar Plaintiffs' trade dress survey was granted.
2. Defendant's motion to compel Plaintiffs to return or destroy defendant's list was granted, with Plaintiffs ordered to complete that action by December 27, 2004, and filed affidavits of compliance by December 29, 2004.
3. Defendant's motion for attorneys fees was granted with the caveat that the apportionment of 75% by Plaintiffs and 25% by Plaintiffs' counsel would be reconsidered depending on the findings from affidavits attesting the facts and background of the above-described letters, which Plaintiffs and their counsel were ordered to filed by December 8, 2004.
4. Defendant's motion to sanction plaintiff's counsel was denied without prejudice.
5. Defendant's motion to compel Plaintiffs to send remedial letters was granted. Plaintiffs were ordered to draft and provide a letter to Defendants by December 9, 2004, with the following information: (1) Carpad, Inc. and President Steven Saylor are engage in civil litigation with

Brookstone, Inc. over Brookstone's alleged infringement of and unfair competition with the CarPad® brand; (2) the litigation has not yet concluded, and Brookstone has not been found liable on any claims brought by Plaintiffs; (3) Carpad acquired customer information from Brookstone by a court order to survey and evaluate customer opinions about CarPad and Brookstone; (4) CarPad misused the custome information in contacting customers regarding the possible class-action lawsuit, resulting in a court order sanctioning CarPad and requiring CarPad to send this letter to all persons and entities that received the original class-action letter; and (5) there is no class-action lawsuit to date, and CarPad cannot guarantee any result in the event that such class action lawsuit is filed in the future.

Plaintiffs filed Objections (#151) to the Magistrate Judge's Order claiming that (1) because no protective order was sought by Defendant, there were no limits to Plaintiffs' used of the discovery and the Plaintiffs did not violate the discovery order, (2) Plaintiffs has a First Amendment right to communicate with customers and the order compelling remedial letters further violates Plaintiffs' First Amendment rights, and (3) Magistrate Judge had no valid authority for her order.

Discussion:

1. Plaintiffs Violated the Magistrate Judge's Discovery Order

The scope of the discovery order entered by the Magistrate Judge was limited in purpose by both its clear language and by the circumstances surrounding the order. The words "for the purpose of" imply that only one purpose was considered and permitted. In addition, Defendant's express concerns with the privacy interests of its customers, both in its objections and in the agreements it reached with Plaintiffs, underscores the parties' understanding of the expected

use of discovery. Plaintiffs' divergent and poten-tially harmful use of its discovery outside the scope of the order and its own agreement with Defendant implicates a bad faith disregard of both the order and its agreements.

1. The Magistrate Judge's Order (#147) Does Implicate Plaintiffs' First Amendment Rights; However, It Need Only Be Amended Slightly in oder To Provide the Least Restricting Means of Furthering The Compelling Governmental Interest of Ensuring A Fair Tribunal.

The Magistrate Judge's original order (#91) providing for the discovery of customer lists did not implicate Plaintiffs' First Amendment rights by limiting the use of those lists and thus preventing Plaintiffs from communicating with potential class action members. *Gulf Oil Co. v. Bernard,* 452 U.S. 89 (1981), cited by Plaintiffs, is inapplicable because it deals with an existing class action, finding that an order in that case preventing class-action plaintiffs from communicating with each other entirely would impede the legal process. In this case, however, Plaintiffs are not being prevented ntirely from communicating with potential class members during a pending class action suit. Rather, Plaintiffs are being told they cannot use specific discovery obtained in one case for any purpose other than the specified purpose of conducting consumer surveys relevant for that case. Plaintiffs' right to locate and contact potential class actors by their own means has not been infringed.

However, the Magistrate Judge's order (#147) compelling the writing and sending of remedial letters does implicate First Amendment concerns. "Mandating speech that a speaker would not otherwise make necessarily alters the content of the speech." *Riley v. Nat'l Fed'n of the Blind of N.C., Inc.,* 487 U.S. 781, 795 (1988). Content-based speech restrictions require strict scrutiny analysis. *Turner Broadcasting Sys. v. Fed. Comm. Comm'n.,* 512 U.S. 622,

642 (1994). Thus the Magistrate Judge may only compel speech in the form of remedial letters if such speech is necessary to achieve a compelling government purpose and is the least restrictive means for achieving that purpose. See *U.S. v. Playboy Entm't Group, Inc.*, 529 U.S. 803, 813 (2000).

This court find that ensuring the integrity of the judicial process is a compelling government interest and that some form of remedial action for the Plaintiffs' violation of the Magistrate Judge's order is necessary. However, this court also finds that some of the points required by the Magistrate Judge for the Plaintiff to included it its letter go beyond the least restrictive means of furthering that interest by compelling the Plaintiff to use speech with which it may disagree. In particular, this court is concerned that the use of the words "misuse" and "sanction" unnecessarily require the Plaintiffs to characterize their actions and the actions of the Magistrate Judge in a manner abhorrent to their beliefs about those actions. This court finds that the compelling governmental interest can best be served by limiting the letter to the relevant facts regarding the status of this lawsuit and the non-existence of a class-action suit and excluding any qualitative statements about Plaintiffs' actions. Thus, this court orders that paragraph #4 of the remedial letter's required statements be amended to read as follows:

> (4) CarPad's use of customer information in contacting customers regarding the possible class-action lawsuit was not permitted by the court's original discovery order, and thus CarPad has been ordered to send this remedial letter to all persons and entities that received the original class-action letter.

2. The Magistrate Judge Had Valid Authority for the Bar Order.

This court finds that authorities cited by the Magistrate Judge in her order are good law and provide authority to make ruling conducive to the conduct of a fair and orderly trial, including imposing punishment for bad faith actions of parties.

IT IS HEREBY ORDERED that the Magistrate Judge's order is affirmed and approved as modified.

IT IS FURTHER ORDERED that the stay of the Magistrate Judge's order is lifted.

IT IS FURTHER ORDERED that the dates of compliance ordered by the Magistrate Judge are modified as follows: Plaintiffs shall submit to Defendant a remedial letter drafted in accordance with the Magistrate Judge's order as modified above by December 30, 2004. Defendant may make any reasonable changes to the letter and submit it to Plaintiffs no later than January 6, 2005. If further dispute arises concerning the contents of the letter, Defendant's counsel shall contact the calendar clerk for the Magistrate Judge no later than Monday, January 10, 2005, to schedule a telephonic hearing for a date to be fixed by the Magistrate Judge. Once completed, Plaintiffs shall mail the letter at their own expense to all persons and entities who received the original class-action letter by a date to be fixed by the Magistrate Judge. Plaintiffs shall also have until a date to be fixed by the Magistrate Judge to file a notice of mailing with the court, attaching the letter and a certificate of service signed by Plaintiffs' counsel, attesting that the mailing has been completed in accordance with this order. If no dispute is reported to the Magistrate Judge concerning the contents of the letter by January 10, 2005, the Magistrate Judge shall by order fix the dates by which the letter shall be mailed and notice of mailing shall be filed with the court.

IT IS FURTHER ORDERED that the dates of compliance ordered by the Magistrate Judge are modified as follows in regard to the attorneys' fees:

Plaintiffs will have until December 30, 2004, to file affidavits attesting to the facts and background leading to the drafting and mailing of the class-action letter for the Magistrate Judge's consideration in possibly reapportioning attorney's fees. Defendant's counsel shall submit attorney's fees and costs to the court by January 6, 2005.

This 20 day of December, 2004.

/s/ EDWARD C. REED
UNITED STATES DISTRICT JUDGE